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MARKET ACCESS SECRETARIAT
Global Analysis Report

Health and Wellness Series

Organic Trends

In The United Kingdom

October 2017

Executive summary

According to the Strategic Market Assessment of the EU European Union report, health and natural products in the United Kingdom represents one of the most promising market opportunities in the European Union. Based on a rigorous analysis of market size, growth, and tariff reductions on European Union (EU) imports, the United Kingdom has been identified as an ideal opportunity for Canadian organic exporters.

The United Kingdom is the fourth-largest health and wellness (HW) market in the world. Within the HW market, the United Kingdom is the fifth-largest organic market in the world. In 2016, organics made up 6% of the HW sector in the United Kingdom, with a retail value of US$1.6 billion.

From 2012 to 2016, organics grew at a compound annual growth rate of 1.9%. In 2016 organic packaged food experienced positive value sales of US$1.4 billion, while organic beverages remained a niche market with a slow compound annual growth rate of 0.4% and retail sales of US$217.9 million.

Modern grocery retailers continued to be the leading distribution channel for organic products in 2016. Private labels continued to account for the largest share of the organic market and currently cover the majority of organic packaged food categories.

From 2012 to 2016, 3,234 organic products were launched in the United Kingdom. There were 2,671 product introductions in the food category, followed by the beverage category with 508 products, and the pet food category with 55 products.

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- Grocery retail trends in the UK – 2015

Introduction

The United Kingdom is the fourth-largest health and wellness (HW) market in the world, after the United States (worth US$166.3 billion), China (worth US$107.0 billion), and Japan (US$48.9 billion). In the organics portion of the HW sector, the United Kingdom is the fifth-largest market in the world.

The HW sector grew at a 2.2% compound annual growth rate from 2012 to 2016, with retail sales amounting to US$28.1 billion in 2016. The continued interest in achieving a healthier lifestyle amongst UK consumers is driving the prevalence of HW packaged food and beverages in the United Kingdom. During the review period, the HW sector made up 22% of packaged food retail sales and 51% of beverage sales.

Organics made up 6% of the HW sector in the United Kingdom, with retail value sales amounting to US$1.6 billion in 2016. Despite rising scepticism, organics posted a compound annual growth rate of 2% from 2012 to 2016. When economic conditions are good, UK consumers are willing to pay a premium for organic products. However, when the economy is unfavourable, UK consumers are more likely to cut back on purchases of organic products than on purchases of any other type of HW products such as fortified/functional and free-from products.

Retail sales of beverages and packaged food in the United Kingdom, from 2012 to 2012
US$ billion – fixed exchange rate

Categories	2012	2013	2014	2015	2016	CAGR* (%) 2012-16
Total beverages and packaged food	**97.9**	**100.3**	**101.0**	**101.3**	**102.1**	**1.1**
Packaged food	79.8	81.5	82.0	82.0	82.4	0.8
Beverages	18.1	18.8	18.9	19.3	19.7	2.1
Total HW beverages and packaged food	**25.7**	**26.5**	**26.9**	**27.4**	**28.1**	**2.2**
HW packaged food	16.5	17.1	17.3	17.7	18.0	2.2
HW beverages	9.2	9.4	9.5	9.8	10.0	2.2

Top ten organic retail markets, from 2012 to 2016
US$ million – fixed exchange rate

Country	2012	2013	2014	2015	2016	CAGR* (%) (2012-16)	Market share (%)
World	**26,907.6**	**29,074.0**	**31,663.9**	**34,173.3**	**36,681.6**	**8.1**	
USA	11,745.4	12,660.3	13,821.3	14,985.9	16,083.3	8.2	44
Germany	3,579.1	3,718.6	3,835.5	3,946.3	4,070.5	3.3	11
France	1,963.7	2,118.7	2,298.6	2,466.5	2,641.8	7.7	7
China	834.1	1,209.6	1,623.0	2,039.4	2,499.8	31.6	7
United Kingdom	**1,481.5**	**1,514.0**	**1,549.4**	**1,574.6**	**1,596.8**	**1.9**	**4**
Italy	947.9	1,030.3	1,192.8	1,346.7	1,487.4	11.9	4
Canada	931.0	975.6	1,030.4	1,099.6	1,176.0	6.0	3
Sweden	503.6	541.1	625.0	720.9	798.5	12.2	2
Netherlands	563.8	619.5	663.1	705.4	747.0	7.3	2
Denmark	594.0	607.8	629.0	655.8	692.3	3.9	2

Source for both: Euromonitor, 2017.

* CAGR – compound annual growth rate

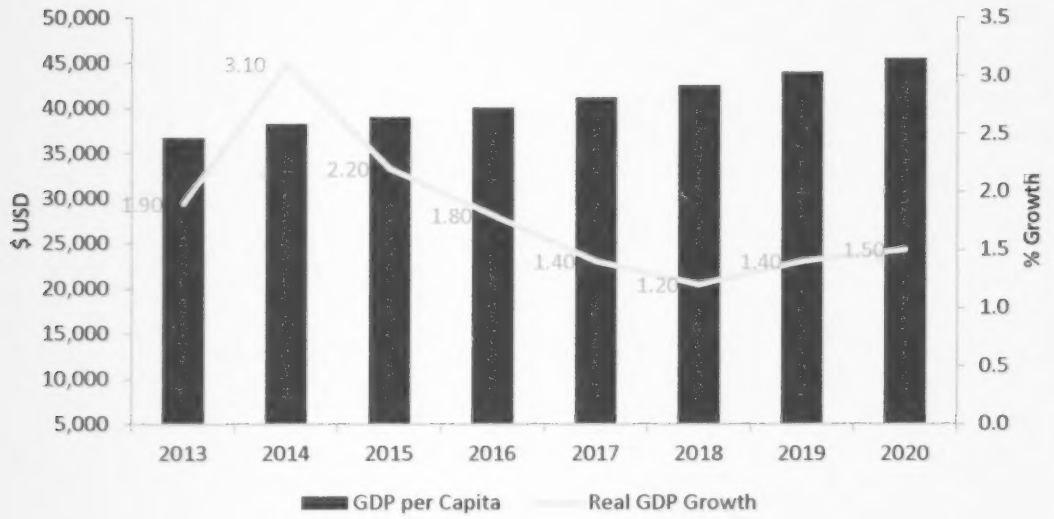
Market environment

The United Kingdom economy registered low real GDP growth of 1.8% in 2016 and is expected to grow by 1.0% in real terms in 2017, mainly due to uncertainty caused by Brexit (Euromonitor, 2017). Despite this uncertainty, consumers continue to spend on food and beverages considered beneficial to health.

Demand for organics has dampened in the past few years as consumers are unconvinced about the health benefits of organic products and are put off by their high unit prices. Owing to these factors, organic products such as beverages remain a niche market in the United Kingdom and are more likely to be affected by poor economic conditions.

According to Euromonitor, prospects of higher inflation are expected to lead to a more cautious approach towards spending among UK consumers over the early years of the forecast period. One of the key issues for the organic packaged food and beverages in the forecast period will be the way in which the United Kingdom negotiates its exit from the EU. It's likely that sales of imported products could be affected in the long term as unit prices could increase while products from the EU may need to meet additional requirements imposed by local organizations before they can enter the domestic market (Euromonitor, 2017).

United Kingdom GDP per capita and real GDP growth, from 2013 to 2020



Source: Euromonitor, 2017.

Retail sales

In 2016, organics recorded retail value sales of US$1.6 billion, a 1.4% increase from the previous year. From 2012 to 2016, retail sales of organics grew at a compound annual growth rate of 1.9%. However, there was a steady decline in the retail sales volume during the same period. As a result, organics posted a negative compound annual growth rate of 1.6% from 2012 to 2016. The decline in sales volume is expected to continue during the forecast period, affecting both organic packaged foods and beverages. In the forecast period, retail sales of organic packaged food and organic beverages are expected to grow at a compound annual growth rate of 3.2% and 2.5%, respectively.

In 2016, organic packaged food represented 86% of overall organic retail sales, while organic beverages made up 14%.

Historic retail sales of organics in the United Kingdom, from 2012 to 2016
US$ millions – fixed exchange rate

Categories	2012	2013	2014	2015	2016	CAGR* (%) 2012-16
Organic	**1,481.5**	**1,514.0**	**1,549.4**	**1,574.6**	**1,596.8**	**1.9**
Organic packaged food	1,267.4	1,299.9	1,334.3	1,358.0	1,378.9	2.1
Organic beverages	214.1	214.1	215.1	216.6	217.9	0.4

Forecast retail sales of organics in the United Kingdom, from 2017 to 2021
US$ millions – fixed exchange rate

Categories	2017[E]	2018[F]	2019[F]	2020[F]	2021[F]	CAGR* (%) 2017-21
Organic	**1,644.2**	**1,696.5**	**1,749.3**	**1,802.3**	**1,856.5**	**3.1**
Organic packaged food	1,421.4	1,468.2	1,515.8	1,562.9	1,610.8	3.2
Organic beverages	222.8	228.4	233.5	239.4	245.7	2.5

Historic retail sales volume of organics in the United Kingdom, from 2012 to 2016
'000 tonnes

Categories	2012	2013	2014	2015	2016	CAGR* (%) 2012-16
Organic	**350.6**	**346.5**	**348.8**	**336.6**	**328.1**	**-1.6**
Organic packaged food	307.4	304.1	306.6	294.3	285.8	-1.8
Organic beverages	43.2	42.4	42.3	42.3	42.3	-0.5

Forecast retail sales volume of organics in the United Kingdom, from 2017 to 2021
'000 tonnes

Categories	2017[E]	2018[F]	2019[F]	2020[F]	2021[F]	CAGR* (%) 2017-21
Organic	**323.0**	**319.9**	**317.8**	**316.3**	**315.5**	**-0.6**
Organic packaged food	280.6	277.4	275.3	273.8	273.0	-0.7
Organic beverages	42.4	42.4	42.5	42.5	42.5	0.1

Source for all: Euromonitor, 2017. E- Estimate F-Forecast *CAGR- compound annual growth rate

Organic packaged food

Organic packaged food continued to record a positive sales value of US$1.4 billion in 2016. According to Euromonitor, this is due to the increase of independent suppliers who account for an increasing share of the market.

From 2012 to 2016, organic confectionery posted the highest compound annual growth rate (7.2%), followed by organic soup (4.8%) and savory snacks (4.6%). The organic dairy, baby food and confectionery sectors accounted for 67% of the value of organic packaged food sales in 2016. The organic baby food subcategory accounted for 23% of the overall baby food subcategory (which includes other HW and non-HW products), while the other organic packaged food subcategories accounted for a small portion (less than 5%) of the corresponding overall subcategories.

Although the organic packaged food category is expected to post positive growth during the forecast period, the negotiations related to the United Kingdom's exit from the EU could present challenges for the category. The anticipated increase in prices of imported products could lead to a slowdown in the category in the long term.

Historic retail sales of organic packaged food in the United Kingdom, from 2012 to 2016
US$ millions – fixed exchange rate

Categories	2012	2013	2014	2015	2016	CAGR* (%) 2012-16
Organic packaged food	**1,267.4**	**1,299.9**	**1,334.3**	**1,358.0**	**1,378.9**	**2.1**
Organic dairy	437.2	440.9	447.7	442.9	437.2	0.0
Organic baby food	245.9	262.2	272.7	281.8	290.4	4.2
Organic confectionery	148.2	160.9	173.6	185.4	195.5	7.2
Organic ready meals	72.1	73.4	73.9	74.6	75.7	1.2
Organic bread	62.5	57.1	52.6	50.8	49.5	-5.7
Organic soup	34.2	35.5	37.8	39.5	41.3	4.8
Organic sweet biscuits, snack bars and fruit snacks	37.6	38.5	39.8	38.9	39.6	1.3
Organic spreads	33.2	34.1	35.0	36.6	37.9	3.4
Organic breakfast cereals	32.1	32.9	33.7	34.8	36.0	2.9
Organic ice cream	32.4	32.2	32.2	33.3	34.3	1.4
Organic shelf stable meats, seafood, fruits and vegetables	30.6	31.2	32.5	33.2	34.1	2.7
Organic sauces, dressings and condiments	26.5	26.8	27.6	28.0	28.6	1.9
Organic rice, pasta and noodles	25.9	26.0	26.0	26.1	26.2	0.3
Organic chilled processed meat and seafood	21.5	20.3	20.7	23.1	22.9	1.6
Organic savoury snacks	11.1	11.4	11.9	12.5	13.3	4.6
Organic frozen meat, seafood, fruits and vegetables	9.3	9.5	9.6	9.6	9.5	0.5
Organic edible oil	7.0	6.8	6.8	6.8	6.9	-0.4

Forecast retail sales of organic packaged food in the United Kingdom, from 2017 to 2021
US$ millions – fixed exchange rate

Categories	2017^{E}	2018^{F}	2019^{F}	2020^{F}	2021^{F}	CAGR* (%) 2017-21
Organic packaged food	**1,421.4**	**1,468.2**	**1,515.8**	**1,562.9**	**1,610.8**	**3.2**
Organic dairy	442.2	448.6	455.3	462.6	470.3	1.6
Organic baby food	302.1	314.7	327.2	339.7	352.5	3.9
Organic confectionery	206.9	219.2	232.2	244.9	257.6	5.6
Organic ready meals	77.2	79.4	81.9	84.6	87.4	3.2
Organic bread	49.6	50.0	50.7	51.5	52.4	1.4
Organic soup	43.5	45.6	47.6	49.3	50.7	3.9
Organic sweet biscuits, snack bars and fruit snacks	40.8	42.2	43.6	45.0	46.5	3.3
Organic spreads	39.4	40.9	42.2	43.4	44.4	3.0
Organic breakfast cereals	37.6	39.2	40.7	42.3	43.9	3.9
Organic shelf stable meat, seafood, fruits and vegetables	35.7	37.6	39.1	40.5	41.9	4.1
Organic ice cream	35.6	36.8	37.9	38.9	39.8	2.8
Organic sauces, dressings and condiments	29.6	30.5	31.4	32.3	33.0	2.8
Organic rice, pasta and noodles	26.6	27.1	27.5	27.9	28.4	1.7
Organic chilled processed meat and seafood	23.8	24.5	25.5	26.3	27.0	3.2
Organic savoury snacks	14.1	14.9	15.5	16.1	16.7	4.3
Organic frozen meat, seafood, fruits and vegetables	9.5	9.6	9.8	9.9	10.1	1.5
Organic edible oil	7.1	7.4	7.6	7.9	8.2	3.7

Source for both: Euromonitor, 2017. E-estimate F-Forecast *CAGR-compound annual growth rate

Historic retail sales volume of organic packaged food in the United Kingdom, from 2012 to 2016
'000 tonnes

Categories	2012	2013	2014	2015	2016	CAGR* (%) 2012-16
Organic Packaged Food	**307.4**	**304.1**	**306.6**	**294.3**	**285.8**	**-1.8**
Organic dairy	222.0	220.6	223.9	211.3	202.0	-2.3
Organic baby food	15.6	16.3	16.6	16.8	17.0	2.2
Organic bread	20.2	17.6	15.6	15.0	14.6	-7.8
Organic soup	8.8	9.1	9.5	9.8	10.1	3.5
Organic shelf stable meat, seafood, fruits and vegetables	7.8	7.8	7.8	7.9	7.9	0.3
Organic ready meals	5.9	5.9	6.0	6.1	6.2	1.2
Organic confectionery	4.8	4.9	5.1	5.2	5.3	2.5
Organic sauces, dressings and condiments	4.1	4.1	4.2	4.3	4.4	1.8
Organic rice, pasta and noodles	4.3	4.2	4.1	4.1	4.1	-1.2
Organic breakfast cereals	3.0	3.0	3.0	3.1	3.2	1.6
Organic sweet biscuits, snack bars and fruit snacks	3.2	3.2	3.3	3.1	3.2	0.0
Organic spreads	2.6	2.6	2.6	2.7	2.8	1.9
Organic ice cream	1.6	1.5	1.5	1.6	1.7	1.5
Organic frozen meat, seafood, fruits and vegetables	1.5	1.5	1.5	1.5	1.5	0.0
Organic chilled processed meat and seafood	0.9	0.9	0.8	0.9	0.9	0.0
Organic savoury snacks	0.5	0.5	0.6	0.6	0.6	4.7
Organic edible oil	0.4	0.4	0.4	0.4	0.4	0.0

Forecast retail sales volume of organic packaged food in the United Kingdom, from 2017 to 2021
'000 tonnes

Categories	2017[E]	2018[F]	2019[F]	2020[F]	2021[F]	CAGR* (%) 2017-21
Organic packaged food	**280.6**	**277.4**	**275.3**	**273.8**	**273.0**	**-0.7**
Organic baby food	17.2	17.4	17.7	17.9	18.1	1.3
Organic bread	14.4	14.2	14.1	14.0	13.9	-0.9
Organic breakfast cereals	3.3	3.4	3.4	3.5	3.5	1.5
Organic chilled processed meat and seafood	0.9	0.9	0.9	0.9	0.9	0.0
Organic confectionery	5.3	5.4	5.5	5.5	5.5	0.9
Organic dairy	196.1	192.0	189.1	186.8	185.3	-1.4
Organic edible oil	0.4	0.4	0.4	0.4	0.4	0.0
Organic frozen meat, seafood, fruits and vegetables	1.4	1.4	1.4	1.4	1.4	0.0
Organic ice cream	1.7	1.8	1.8	1.8	1.8	1.4
Organic ready meals	6.3	6.4	6.5	6.6	6.8	1.9
Organic rice, pasta and noodles	4.1	4.1	4.1	4.1	4.1	0.0
Organic sauces, dressings and condiments	4.4	4.4	4.5	4.5	4.5	0.6
Organic savoury snacks	0.6	0.6	0.7	0.7	0.7	3.9
Organic shelf stable meat, seafood, fruits and vegetables	8.1	8.3	8.5	8.6	8.7	1.8
Organic soup	10.4	10.6	10.8	10.9	11.0	1.4
Organic spreads	2.8	2.9	2.9	3.0	3.0	1.7
Organic sweet biscuits, snack bars and fruit snacks	3.2	3.2	3.2	3.3	3.3	0.8

Source for both: Euromonitor, 2017. E-estimate F-Forecast *CAGR-compound annual growth rate

Organic beverages

Organic beverages remain a niche market in the United Kingdom. According to Euromonitor, UK consumers are unconvinced and put off by the high unit prices and shorter shelf life of organic beverages. As a result, the category continues to be threatened by other HW categories such as naturally healthy products. These products are positioned at lower unit prices and will be the main threat to organic beverages over the forecast period (2017 to 2021).

The category recorded a low compound annual growth rate of 0.4% from 2012 to 2016 and a retail sales value of US$217.9 million in 2016. By 2021, the retail sales value is expected to increase to US$245.7 million. Organic soft drinks, specifically fruit/vegetable juice and organic 100%, are the most popular subcategories, followed by organic tea.

Historic retail sales of organic beverages in the United Kingdom, from 2012 to 2016
US$ millions – fixed exchange rate

Categories	2012	2013	2014	2015	2016	CAGR* (%) 2012-16
Organic beverages	**214.1**	**214.1**	**215.1**	**216.6**	**217.9**	**0.4**
Organic fruit/vegetable juice	116.7	115.1	115.6	116.3	116.5	0.0
Organic tea	42.5	42.1	41.7	41.3	41.1	-0.8
Organic concentrates	25.7	27.5	28.5	29.7	31.0	4.8
Organic coffee	16.6	16.6	16.1	15.9	15.8	-1.2
Organic other hot drinks	12.6	12.9	13.2	13.3	13.5	1.7

Forecast retail sales of organic beverages in the United Kingdom, from 2017 to 2021
US$ millions – fixed exchange rate

Categories	2017^{E}	2018^{F}	2019^{F}	2020^{F}	2021^{F}	CAGR* (%) 2017-21
Organic beverages	**222.8**	**228.4**	**233.5**	**239.4**	**245.7**	**2.5**
Organic fruit/vegetable juice	118.8	121.2	123.1	125.6	128.3	1.9
Organic tea	41.5	42.1	42.8	43.6	44.5	1.8
Organic concentrates	32.7	34.4	36.2	38.0	39.8	5.0
Organic coffee	16.0	16.3	16.6	17.0	17.5	2.3
Organic other hot drinks	13.9	14.3	14.8	15.2	15.7	3.1

Historic retail sales volume of organic beverages in the United Kingdom, from 2012 to 2016
'000 tonnes

Categories	2012	2013	2014	2015	2016	CAGR* (%) 2012-16
Organic beverages	**43.2**	**42.4**	**42.3**	**42.3**	**42.3**	**-0.5**
Organic fruit/vegetable juice	33.4	32.5	32.2	32.0	31.9	-1.1
Organic concentrates	6.2	6.4	6.7	7.0	7.2	3.8
Organic tea	2.5	2.3	2.2	2.1	2.0	-5.4
Organic other hot drinks	0.6	0.6	0.6	0.7	0.7	3.9
Organic coffee	0.5	0.5	0.5	0.5	0.5	0.0

Source for all: Euromonitor, 2017. E-estimate F-Forecast *CAGR-compound annual growth rate

Forecast retail sales volume of organic beverages in the United Kingdom, from 2017 to 2021
'000 tonnes

Categories	2017	2018	2019	2020	2021	CAGR* (%) 2017-21
Organic beverages	**42.4**	**42.4**	**42.5**	**42.5**	**42.5**	**0.1**
Organic fruit/vegetable juice	31.8	31.7	31.5	31.4	31.2	-0.5
Organic concentrates	7.5	7.7	7.9	8.1	8.3	2.6
Organic tea	2.0	1.9	1.8	1.8	1.7	-4.0
Organic other hot drinks	0.7	0.7	0.7	0.7	0.7	0.0
Organic coffee	0.5	0.5	0.5	0.5	0.5	0.0

Source: Euromonitor, 2017. E-estimate F-Forecast *CAGR-compound annual growth rate

Distribution channels

Modern grocery retailers continued to be the leading distribution channel for organic products in 2016. Supermarkets and hypermarkets led the way with a 68% share of the sales value, followed by independent small grocers with a 12.9% share and internet retailing with a 6.7% share. Although organic sales continue to grow in grocery stores, the increase in independent suppliers (i.e. flea markets) and the broadening of retail channels such as online shopping are boosting sales of organic products in the United Kingdom.

Distribution channels of organic product sales in the United Kingdom, from 2012 to 2016
US$ million – fixed exchange rate

Channels	2012	2013	2014	2015	2016	CAGR* (%) 2012-16	Market share (%)
Total	**1,481.5**	**1,514.0**	**1,549.4**	**1,574.6**	**1,596.8**	**1.9**	
Store-based retailing	1,436.6	1,450.2	1,474.8	1,481.3	1,489.0	0.9	93.2
Grocery retailers	1,413.6	1,428.3	1,453.5	1,461.6	1,470.1	1.0	92.1
Modern grocery retailers	1,127.5	1,151.3	1,180.2	1,199.1	1,209.2	1.8	75.7
Convenience stores	61.6	63.4	65.4	66.9	67.2	2.2	4.2
Discounters	32.5	33.3	34.4	35.4	37.3	3.5	2.3
Forecourt retailers	20.0	20.8	21.5	21.8	21.4	1.7	1.3
Hypermarkets	506.0	518.3	532.6	540.3	541.7	1.7	33.9
Supermarkets	507.5	515.6	526.2	534.7	541.5	1.6	33.9
Traditional grocery retailers	286.2	277.0	273.4	262.5	260.9	-2.3	16.3
Independent small grocers	232.6	222.0	222.5	212.3	205.8	-3.0	12.9
Other grocery retailers	53.6	55.0	50.9	50.2	55.1	0.7	3.5
Non-grocery specialists	23.0	21.8	21.2	19.7	18.9	-4.8	1.2
Non-store retailing	44.8	63.8	74.6	93.2	107.8	24.5	6.8
Vending	0.5	0.6	0.5	0.4	0.4	-5.4	0.0
Internet retailing	44.0	63.0	73.8	92.5	107.1	24.9	6.7
Direct selling	0.3	0.3	0.3	0.3	0.3	0.0	0.0

Source: Euromonitor, 2017. *CAGR-compound annual growth rate

Competition

In 2016, private-label products made up 33% of the total value sales of organic products. They recorded a slight decrease in growth with a compound annual growth rate of 0.8% (2012 to 2016) as bigger brands maintained or increased their share slightly after their unit prices were lowered (Euromonitor, 2017). However, private labels continue to account for the largest share of the organic market and cover the majority of organic packaged food categories, especially the processed meat and seafood categories, where they have a greater presence (Euromonitor, 2017).

According to Euromonitor, Belvoir Fruit Farms maintained a leading position in the organic beverages category in 2016. The company's products continued to grow in popularity and benefited from an expanded distribution network, including delicatessens, farm shops, wholefood stores and food halls around the United Kingdom (Euromonitor, 2017). Hipp UK and Ella's Kitchen were the two leading players in the baby food category (Euromonitor, 2017).

In the review period (2012 to 2016), UK consumers showed a preference for domestic organic products. This is attributable to recent food scandals (i.e. horsemeat scandal) and lower pricing of domestic products (Euromonitor, 2017).

Top ten organic companies and their retail sales in the United Kingdom, from 2012 to 2016

US$ million – fixed exchange rate

Companies	2012	2013	2014	2015	2016	CAGR* (%) 2012-16	Market share (%)
Mondelez International Inc	115.5	121.6	130.0	140.4	145.7	6.0	9.1
Hipp GmbH & Co Vertrieb KG	90.3	89.0	94.1	98.0	100.4	2.7	6.3
Hain Celestial Group Inc, The	N/A	69.9	73.8	84.3	89.8	N/A	5.6
Hero Group GmbH	64.0	66.7	68.5	71.6	73.1	3.4	4.6
Yeo Valley Farms (Production) Ltd	57.2	61.4	65.8	66.9	67.5	4.2	4.2
Belvoir Fruit Farms	11.0	13.6	16.0	18.2	20.1	16.3	1.3
Associated British Foods Plc	15.3	16.3	17.0	17.6	18.4	4.7	1.2
James White Drinks Ltd	14.5	14.9	15.4	16.3	17.1	4.2	1.1
Kraft Heinz Co	N./A	N/A	N/A	14.5	14.2	N/A	0.9
Mars Inc	15.7	15.3	15.4	14.1	13.5	-3.7	0.8
Artisanal	20.9	18.5	17.2	16.3	16.1	-6.3	1.0
Private Label	543.4	536.7	532.6	529.0	527.2	-0.8	33.0

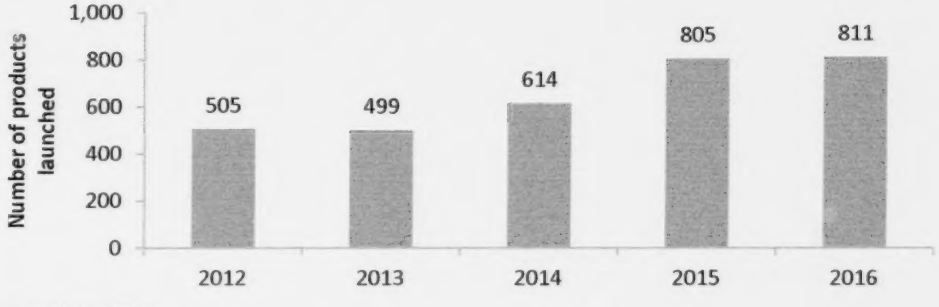
Source: Euromonitor, 2017. N/A – data not available *CAGR-compound annual growth rate

Packaging

According to Euromonitor, in order to justify the higher unit prices and differentiate their products from conventional products, organic producers are creating a high-end image for their products, especially for organic beverages. They are using a number of strategies, such as bright, eye-catching packaging graphics and a variety of materials suggesting a fresh, clean, and natural image. In addition, organic producers are emphasizing product sustainability, ingredient source, and packaging recyclability. Over the last five years, convenient packaging, hormone-free, and caffeine-free have been the fastest growing claims used on organic products in the United Kingdom (Mintel, 2017).

New product launch analysis

Number of organic product launches in the United Kingdom, from 2012 to 2016

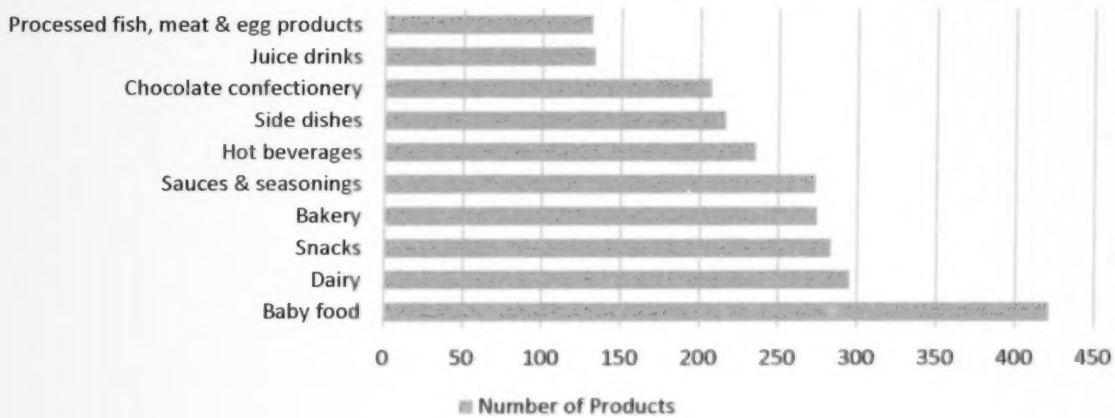


Source: Mintel, 2017.

From 2012 to 2016, around 3,234 organic products were launched in the United Kingdom. There were 2,671 product introductions in the food category, 508 in the beverage category and 55 in the pet foods category. Within the food category, baby food, dairy, and snacks were the top packaged food subcategories. In the beverage category, the hot beverages (such as tea), juices, and other beverages (such as concentrates/meal replacements) subcategories saw the most launches. In the pet food category, most of the launches occurred in the dog and cat wet foods subcategories.

Over the five-year review period, 50% of the organic product introductions occurred between 2015 and 2016. On average, based on five years of data, 647 organic products were introduced each year in the United Kingdom. According to the Mintel Global New Products Database, 75.7% of the organic products introduced in the United Kingdom were new products and 24.3% were re-launched products.

Top organic products launch categories in the United Kingdom, from 2012 to 2016



Organic product categories and top three subcategories by number of product launches, from 2012 to 2016

Category	Top 3 Subcategories	Number of products
Packaged food (2,671)	Baby food	421
	Dairy	295
	Snacks	283
Beverages (508)	Hot beverages	235
	Juice drinks	133
	Other beverages	32
Pet food (55)	Dog food wet	26
	Cat food wet	16
	Dog snacks & treats	7

Source for both: Mintel, 2017.

Opportunity for Canada

An important factor that will have a positive effect on Canadian organic exporters' competitiveness in the United Kingdom is the Canada-European Union Comprehensive Economic and Trade Agreement (CETA).

CETA will help provide opportunities for Canadian producers, processors and exporters to reach the EU's 510 million consumers.

It can support you by:

- Reducing or eliminating tariffs on products imported into the EU
- Improving and expanding market access for Canadian products
- Providing a competitive advantage with preferential access to EU markets

Find more details:

http://www.agr.gc.ca/eng/industry-markets-and-trade/foreign-market-information-by-region/europe/canada-european-union-comprehensive-economic-and-trade-agreement-ceta/?id=1438010928703

For more information

International Trade Commissioners can provide Canadian industry with on-the-ground expertise regarding market potential, current conditions and local business contacts, and are an excellent point of contact for export advice.

- **Overview of Trade Commissioner Services in the United Kingdom**
  www.tradecommissioner.gc.ca/uk

- **Find a Trade Commissioner**
  www.tradecommissioner.gc.ca/eng/find-trade-contacts.jsp

For additional intelligence on this and other markets, the complete library of Global Analysis reports can be found on the *International Market Intelligence* page at the following link, arranged by region:

http://www.agr.gc.ca/eng/industry-markets-and-trade/foreign-market-information-by-region/?id=1410083148447

For additional information on ANUGA 2017, please contact:

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Resources

Euromonitor, 2017.

Euromonitor, Organic Packaged Food in the United Kingdom, 2017.

Euromonitor, Organic Beverages in the United Kingdom, 2017.

Euromonitor, Health and Wellness in the United Kingdom, 2017.

Mintel, Global New Products Database, 2017.

Health and Wellness Series

Organic trends in the United Kingdom

Global Analysis Report

Prepared by: Ranna Bernard, Market Analyst

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